

# Fiscal Note

*Fiscal Services Division*



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**HF 458** – Agriculture Department, Conservation Cost Share (LSB 1276HV)  
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Fiscal Note Version – New

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## **Description**

In 1983, the General Assembly created the Conservation Practices Revolving Loan Fund and appropriated \$1.0 million, and another \$750,000 in 1984, for the creation of the Fund. The Fund is administered by the Division of Soil Conservation (DSC) within the Department of Agriculture and Land Stewardship. Since establishment, the DSC has granted zero interest loans to private land owners for the installation of permanent conservation practices. Loan amounts may not exceed \$10,000, and must be repaid in 10 years. Loan repayments are deposited in the Fund to finance ongoing lending, and are the Fund's major source of revenue.

From FY 2007 to FY 2012, annual loan repayment revenue has averaged \$297,000 and exceeded new loans issued on average by \$228,000 annually (34.6%). This has led to an increasing carryover balance of the Fund. The balance carried forward into FY 2013 was \$919,000.

This Bill will increase the maximum loan size to \$20,000 and will allow loans from this Fund to be used in conjunction with public cost-sharing dollars.

## **Fiscal Impact**

There is no impact to the General Fund.

Allowing landowners to use Revolving Loan Fund loans in conjunction with other resources may increase the demand for these loans. However, additional demand is not possible to predict. In FY 2012, the DSC approved 16 loans for the maximum amount of \$10,000. Under the proposed changes, each applicant could have received \$20,000, potentially increasing loan expenditures by a maximum of \$160,000.

This Bill is estimated to increase new loans issued by a maximum of \$160,000 per fiscal year, and is projected to reduce the Fund's balance. Expenditure will exceed revenue by \$125,000 in FY 2014 and \$120,000 in FY 2015.

## **Sources**

Department of Agriculture and Land Stewardship  
I3 Budget System

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/s/ Holly M. Lyons

March 11, 2013

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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